



**Unique Leverage to Oil & Gas
Exploration in the
Otway Basin**

Market Details

Directors

John Cornelius – Non-Exec. Chairman

John Remfry – Managing Director

Roger Blake – Exploration Director

Garrick Higgins- Non-Exec. Director

Incorporated October 1999

Floated (ASX:EPR) Feb 2001

Head office Melbourne

No Shareholders 1250 approx

Major Shareholders:

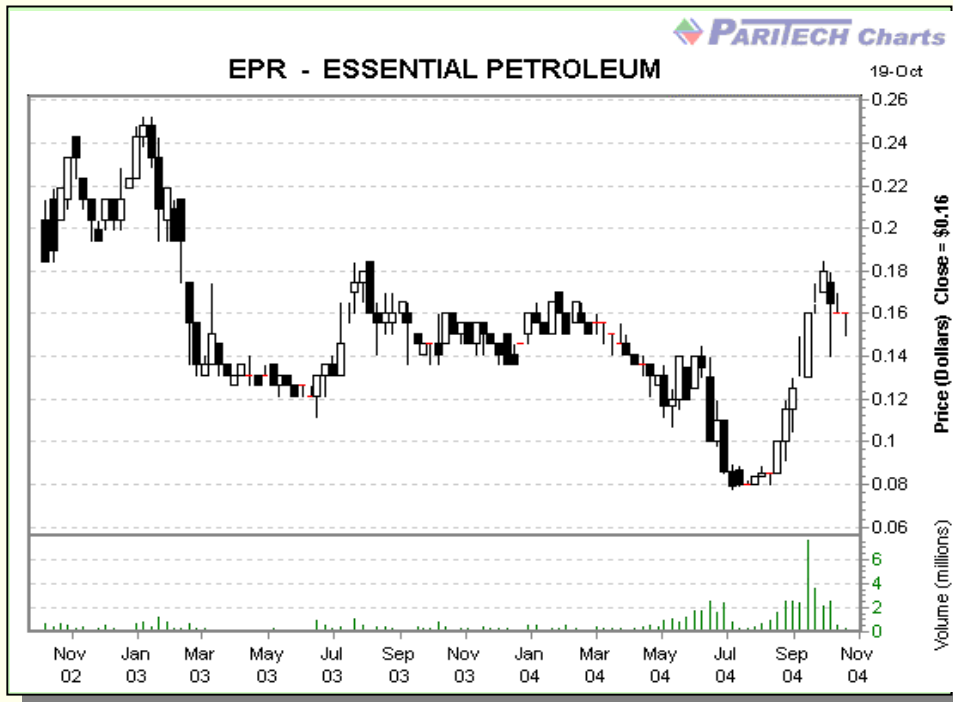
Cairnglen Investments Pty Ltd 21%

JP Morgan Nominees Aust. Ltd 10%

Offshore 5%

Top 20 holding 63%

Directors and Mgt holdings approx 5%



Share price	.165c
Issued Capital	157M
Market cap.	\$26M
Cash	\$5.5M



Commodity Pricing

	Feb 03	Aug 03	Feb 04	Today
Oil \$US	\$25.00	\$28.00	\$34.50	\$54.50
Oil \$AUD	\$47.00	\$43.00	\$45.00	\$72.00
Gas \$AUD	\$2.54	\$2.67	\$2.93	\$3.00
Exchange Rate	0.54	0.65	0.76	0.74



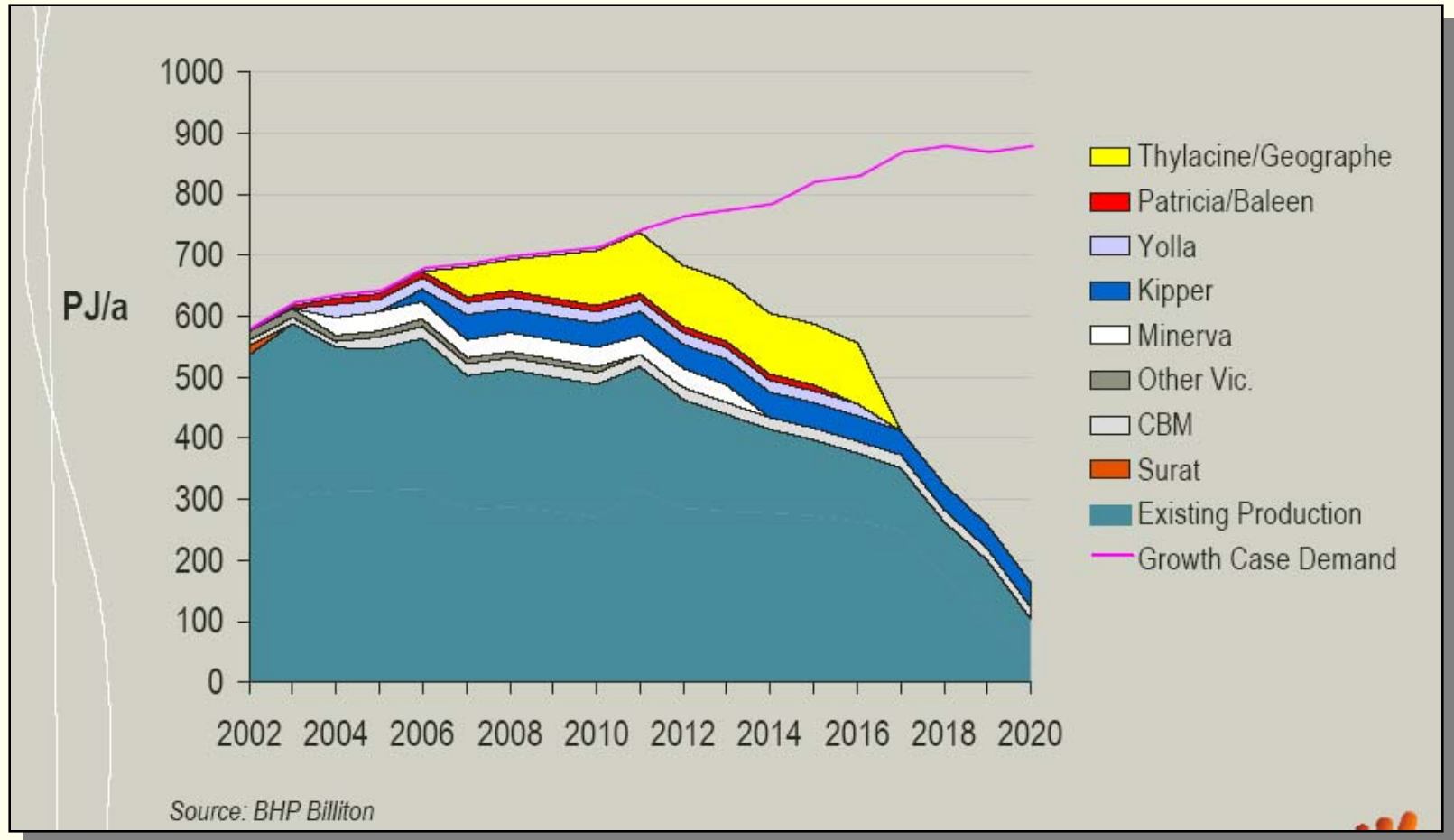
Oil Price



- Energy prices throughout the world have been rising for several years and is unlikely to fall dramatically in the foreseeable future
- Per energy unit, oil is 5 times the cost of gas, buoying the gas market
- Essential is well positioned to leverage from this phenomenon through exploration success.



Eastern States Gas Supply & Demand



BHP Billiton has authorised the use of this slide
Growth Case May 2002



Margins

OIL - Gross Profit

Onshore (5-50mmbbls) > \$25 per bbl

Offshore (100-250mmbbls) > \$10 per bbl

GAS - Gross Profit

Onshore (10-100 bcf) > \$0.75 per gj

Offshore (300-1000 bcf) > \$0.65 per gj

Assumptions:

Oil price of \$US35 per barrel and \$1AUD = \$0.75US equates to \$AUD46.60 per barrel

Onshore production and transport costs of \$AUD8 per barrel

Gas price of \$AUD2.90 per gigajoule

Offshore Oil Case – FPSO, Offshore Loading

Offshore Gas Case – Platform, Onshore Facilities



Otway Basin Activity

Onshore Activity

Essential drilling 2 onshore exploration wells planned for 2005

Targets are Pebble Point & Waarre

Potential recoverable is 30 million barrels

Offshore Activity

6 exploration and 2 appraisal wells planned in the next 12 months.

Santos drilling the Cape Bridgewater High at Callister looking for Oil and Gas

Santos drilling Continental Slope Play in deep water at Amrit looking for Oil following Callister

Santos drilling 2 wildcat wells in VIC/P44 and 2 Casino appraisal wells

Casino development expected to return \$1.7 billion revenue over 12 years

Woodside/Origin drilling 2 wells NW of Casino

Santos 2D and Seismic Survey

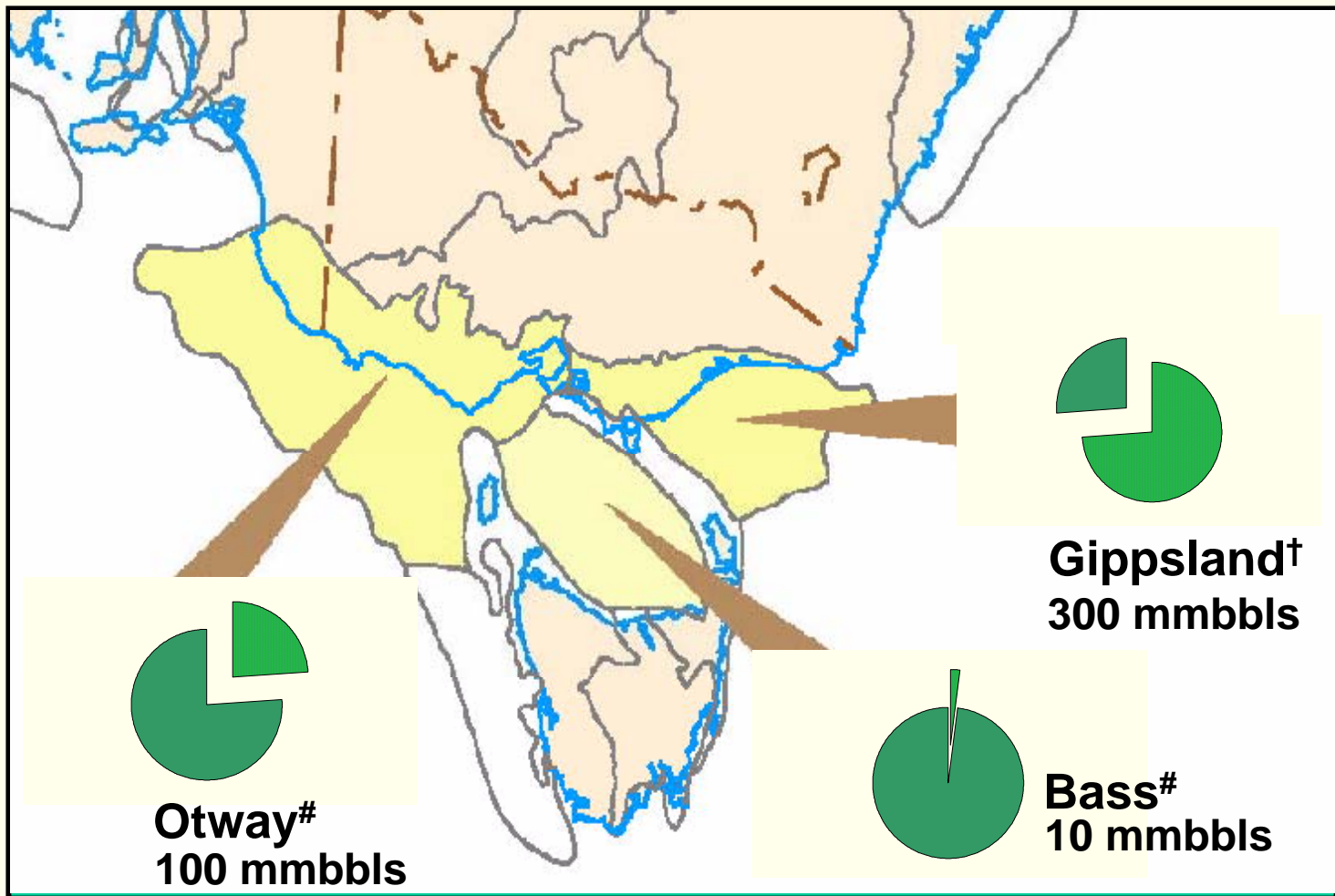
Essential 2D Seismic Survey

Woodside 3D Seismic Survey

Essential to drill 2 wells in next 12-18 months (subject to farmout)



Undiscovered Oil Reserves Victorian Basins*



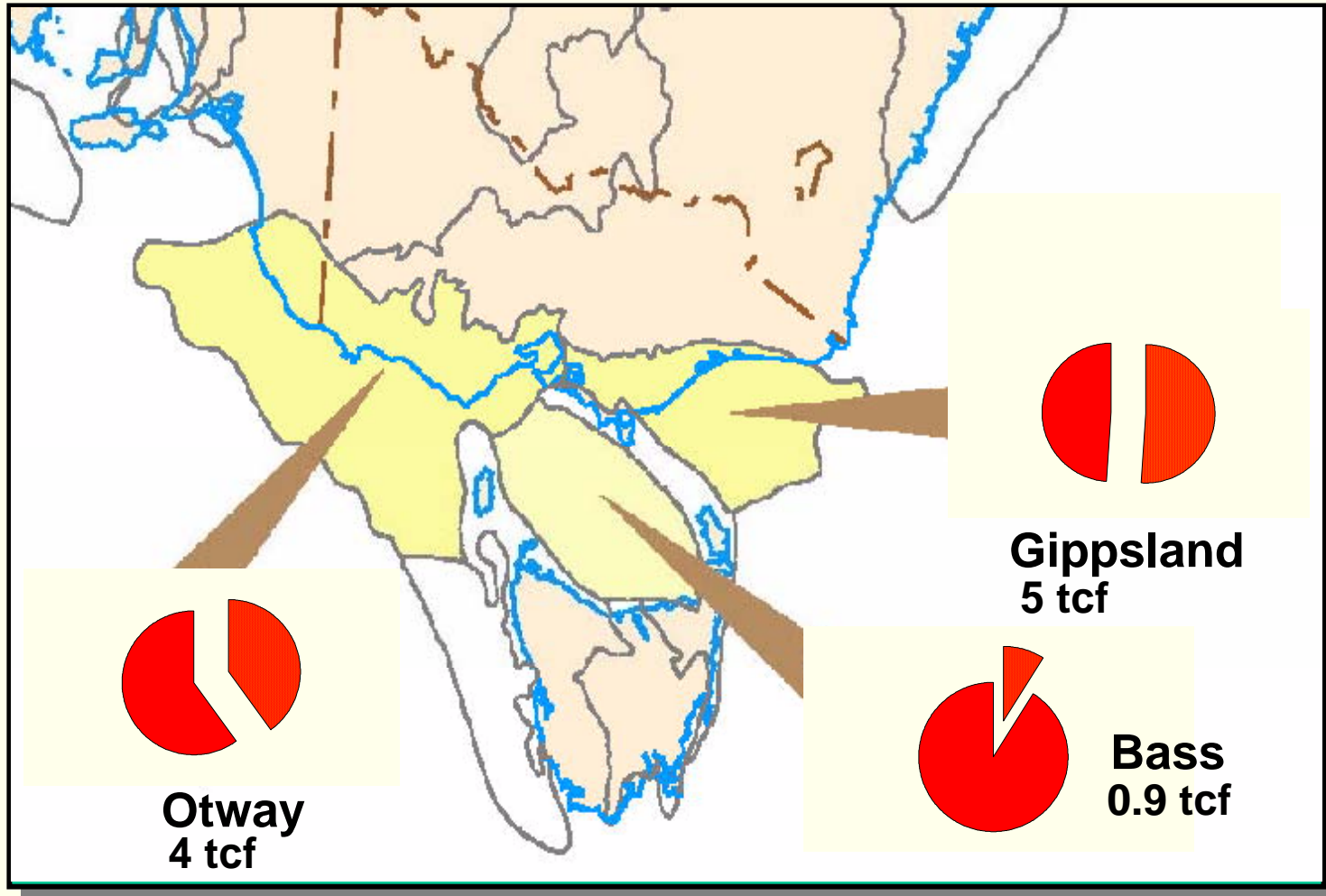
*Excludes condensate

Figures from Geoscience Australia

† USGS World Petroleum Assessment



Undiscovered Natural Gas Reserves Victorian Basins



NIEIR estimates of undiscovered natural gas reserves by basin



Growing Interest in the Otway Basin



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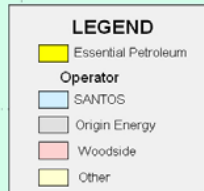


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Otway Basin – The New Frontier

ESSENTIAL PETROLEUM RESOURCES LIMITED
OTWAY BASIN - PERMIT LOCATION MAP
MARCH 2004



Major players

- Santos
- Origin
- Woodside
- Essential

Proven Hydrocarbons

- Recent onshore commercial gas discoveries
- Major offshore gas discoveries: Casino, Thylacine, Geographe
- Ideal geological setting to host vast hydrocarbon reserves
- \$150M and 8 wells committed for exploration over next 2 years

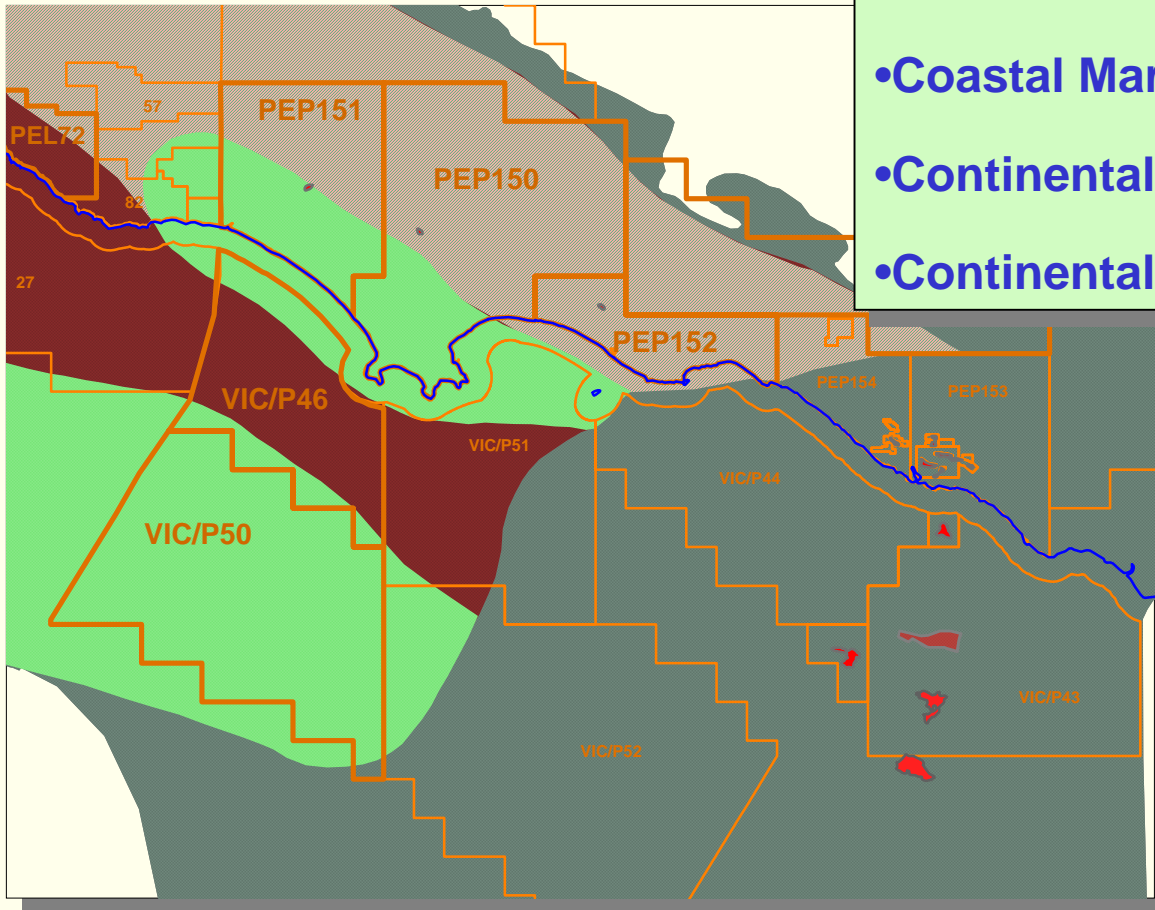
Key Attributes

- Gas producing basin but lightly explored.
- Oil has been recovered – Lindon, Windamere, Port Fairy
- Proximity to large domestic gas markets
- Deregulated energy industry in a fast growing region

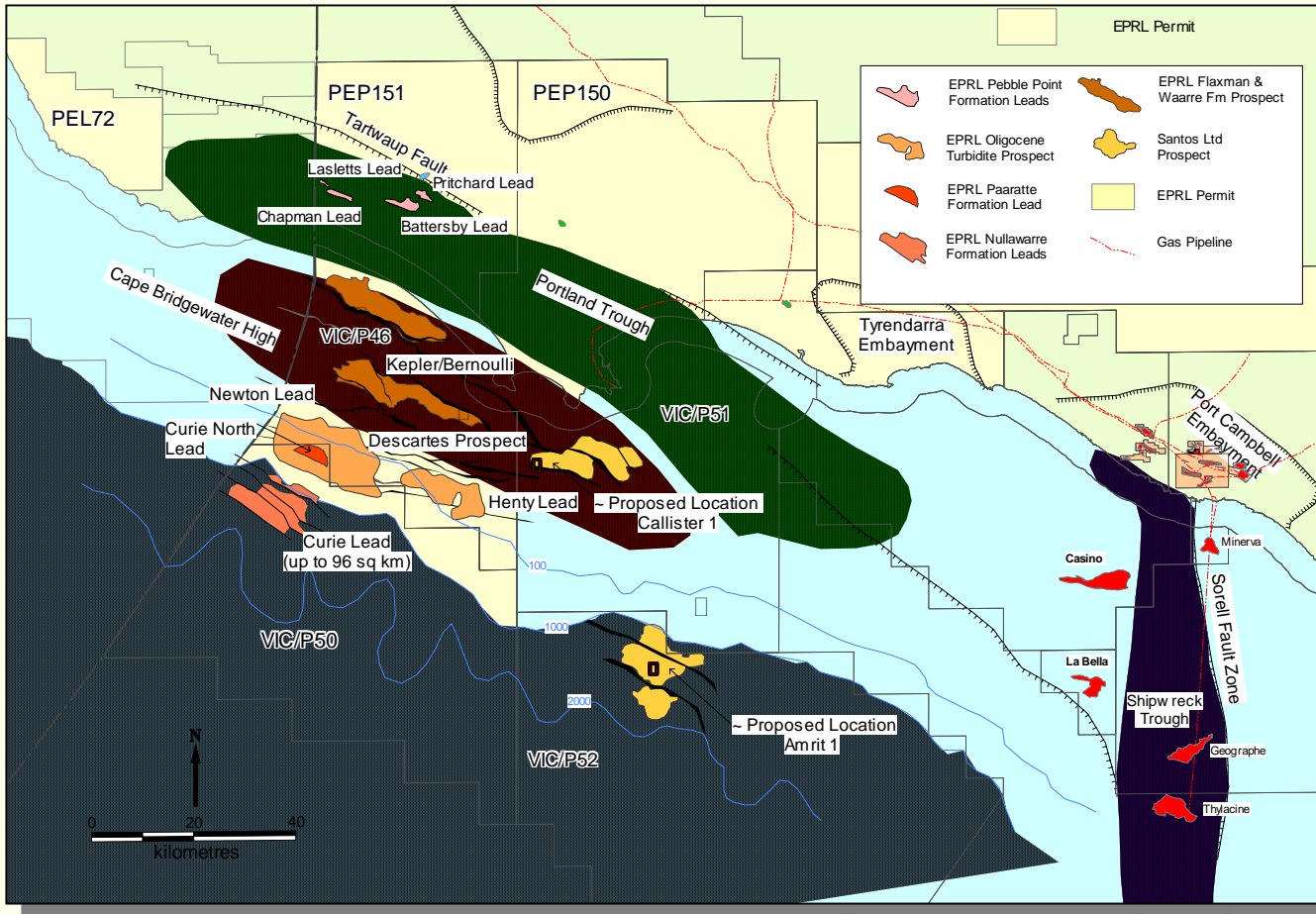


Oil and Gas Play Fairways

- Terrestrial Rift Oil & Gas Fairway
- Coastal Margin Oil Fairway
- Continental Shelf Gas Fairway
- Continental Slope Oil Fairway



Prospects and Structural Control



Four independent play types have been extensively mapped

Flaxman/Waarre and Nullawarre gas plays have combined potential in excess of 8 tcf

Oil resource potential of at least 1 billion barrels from the Oligocene turbidite play on the shelf edge is possible

Note that the Cape Bridgewater includes Kepler/Benoulli and Callister Prospects



Otway Basin Statistics

	Onshore		Offshore	
	00-03	2004	00-03	2004
Wells	23	2	8	8
Success	35%	-	75%	-
2D Seismic	1000	65	3500	2200
3D Seismic	700	-	3500	1000
Reserves	100bcf	-	1200bcf	-
Cost	\$50	\$2.5	\$150	\$150

Source: Estimates provided by Lipscombe



Expected 2005 Work Program Post Farmout

PERMIT	WORK	COST	Expected P50*	
			OIL	GAS
PEP 151	2 Wells	\$4.00	30.0	-
VIC/P46	1 Well	\$12.00	-	1000.0
	3D Seismic	\$7.50		
VIC/P50	1 Well	\$12.00	650.0	-
	2D Seismic	\$1.00		
TOTAL	4 Wells	\$37.50	680.0	1000.0
EPR Share	4 Wells	\$8.50	340.0	350.0

*Expected outcome is either Oil (mmbbls) or Gas (BCF)

EPR Share assumes free carry through farmout



Summary

- **Otway Basin is undergoing a boom in oil and gas exploration with in excess of \$150 million being spent**
- **Essential Petroleum is ideally placed to benefit from discoveries by others**
- **Essential Petroleum offers the best leverage into a new frontier**



“Rules of Thumb”

Conversion:

Oil	1 bbl	160 litres	5gj
Gas	1 tcf	200 mmbbls	1,000Pj

Consumption:

Victoria uses over 280 Pj of gas energy per year

A 500 Megawatt power station requires 36 Pj per yr

Commodity Pricing:

Oil \$US54.00 per bbl

Gas \$AUD3.00 per gj

Oil price of \$US28 per barrel and \$1AUD = \$0.65US equates to \$AUD43 per barrel
Gas price of \$AUD2.50 per gigajoule

